

The

Financial Connection

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Commodity Credit Corporation uses Kansas City Financial Center for disbursements

By Ethan Cole

The U.S. Department of Agriculture's Commodity Credit Corporation (CCC), with 2,400 county offices across the United States, has begun using the **Financial Management Service's** (FMS) Kansas City Financial Center (KFC) to disburse payments.

PAYMENTS

The CCC is a government-owned and operated entity that was created to stabilize, support and protect farm income and prices. It has statutory authority for disbursement, and primarily issues payments to farmers, producers and agricultural interests.

After exploring and researching methods to gain cost efficiencies and consolidate payment functions in its Kansas City office, CCC made the decision to use FMS to disburse payments. In the conversion, all disbursing services for CCC could be



Gary Beets, director of FMS's Kansas City Financial Center, explains check printing operations to the CCC visitors.

"While the CCC has its own statutory authority to make payments, the CCC made the good government choice to come to FMS where the payment business is our primary mission."

—FMS Assistant Commissioner Judy Tillman

transitioned to KFC, including Treasury Offset Program (TOP) offsetting, disbursing, claims and accounting functions.

Through a phased-in process to be completed in early 2006, KFC eventually could disburse all payments on behalf of CCC. The conversion was established to effectively coordinate transitioning each of CCC's feeder payment systems related to specific programs. Currently, KFC is disbursing CCC's National Payment Service (NPS) vendor checks. Disbursement

payments began May 2.

To date, KFC has processed approximately 50 payments for CCC. When fully implemented, KFC could disburse approximately 6 million payments—2 million checks and 4 million electronic fund transfers—annually on behalf of CCC.

Planning for this conversion began in June 2004 and required a focused effort on behalf of many people within CCC and KFC. Initial discussions to assess CCC's needs were held between Beverley Anderson, chief of CCC's Cash Operations and Analysis Branch, and Ron Wright, chief of the Cash Management Branch, both in CCC's Kansas City Finance Office, and KFC Regional Director Gary Beets and Deputy Director Susan Robinson.

Upon determining a course of action, KFC representatives began working with CCC representatives to construct and initiate testing and implementation. Led by FMS Information Technology Specialist Eugene Phillips, KFC personnel worked closely with CCC's Beverley Anderson and Terry Maness, information technology specialist, to ensure that all files and telecommunications links were created and established correctly. KFC pro-

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ITS.gov: The new portal for int'l payments and collections

By Michele Heine

The International Direct Deposit (IDD.gov) system has a new name: International Treasury Services (ITS.gov)! ITS.gov will serve as the portal for federal government international payments and collections. ITS.gov will continue to support international direct deposit payments for benefit recipients, but now also processes check and electronic payments for vendor, foreign payroll, and miscellaneous payment receipts.

ITS.gov enables federal agencies to issue foreign currency payments from the United States via direct deposit, wire transfer, or draft to recipients in over 150 countries. Additionally, ITS.gov enables agencies to issue international U.S. dollar wire transfer payments from the United States without a corresponding U.S. financial institution.

Another exciting accomplishment is that ITS.gov is now processing payments for the **Department of Veterans Affairs (VA)** and anticipates implementation with other agencies in the near future.

In May, the VA began implementing international direct deposit through ITS.gov for its recurring benefit payments. Initially, about 400 retirees living in Canada were affected. In the coming months, the Canadian volume will increase and VA will expand service to beneficiaries residing in the United King-

dom, Ireland and Australia.

For more information about International Treasury Services (ITS.gov), please contact one of the following:

■ **Benefit payments:** Contact your paying federal agency.

■ **Foreign payroll:** Kansas City Financial Center at (816) 414-2100.

■ **Vendor payments:** Kansas City Financial Center at (816) 414-2100.

■ **Miscellaneous payments:** Kansas City Financial Center at (816) 414-2100.

■ **Non-Treasury disbursing offices:** International Funds Division, Michele Heine, (202) 874-7044.

■ **General information:** International Funds Division, Michele Heine, (202) 874-7044.

INTERNATIONAL

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Publisher: Carolyn Dunston
Editor: Melanie Rigney
Editorial Board: Marilyn Barnes, Karl Boettcher, Norina Carpinteyro, Jennifer Evans, Denise Hammond, Walt Henderson, Shirley Hopkins, Eleanor Kelly, Vivian Lopez, Eva Rhodes, Margie Springer and Denice Wilson



Pay.gov reaches out to users

Nearly 70 agency participants on May 5 attended the Pay.gov program's first Agency User Forum. The event provided customers with an open forum to discuss Pay.gov's future, program issues and communication. After the formal presentation by Russell Kuehn, Pay.gov program manager (above), and the Federal Reserve Bank of Cleveland, most of the discussion centered on the desire for more participation and better overall communication with agencies. For more information about Pay.gov, see www.fms.treas.gov/paygov.

Treasury nets \$15.2M in FY04 state-federal interest exchange

By Connie Kitchings

The 11th annual interest rate exchange between the U.S. Department of the Treasury and the 56 states and territories resulted in a net interest savings of \$15.2 million for the Treasury.

As a result of the fiscal year 2004 exchange, conducted March 31 under the Cash Management Improvement Act (CMIA), Treasury received \$17.7 million

GRANTS MANAGEMENT

in interest liabilities from the states for the early drawdown of federal grants. Treasury paid \$1.5 million in interest liabilities for payment inefficiencies. Another \$1 million in state administrative costs was approved by the **Financial Management Service (FMS)**.

The interest liabilities were reduced substantially from the previous year due to the extremely low interest exchange rate, less than 1 percent.

The CMIA program is the cornerstone

of cash management policy for the payment of more than \$250 billion annually in federal financial assistance to the states.

Each year prior to the beginning of the fiscal year, the states negotiate with FMS a Treasury-State Agreement (TSA) to identify major grant programs and appropriate funding techniques to ensure that grant funds are provided just in time for program purposes.

CMIA ANNUAL REPORT: 2004

Total Number of Interest Liabilities Calculated: **1,249**
 Total Federal Interest Liability (FIL) Claims: **\$2.2 million**
 Number of FIL Claims Greater Than \$5,000: **77**
 Dollar Value of FIL Claims Greater Than \$5,000: **\$2.0 million**
 Number of Prior Period Adjustment Claims: **28**
 Dollar Value of Prior Period Adjustment Claims: **\$1.2 million**
 Dollar Value of FIL Claims Denied: **\$600,000**
 Percentage FIL Claims Denied: **29%**
 State Interest Liabilities to Treasury for Early Drawdown: **\$17.7 million**
 Federal Interest Liabilities to States for Tardy Payments: **\$1.5 million**
 Reimbursed Administrative Costs to the States: **\$1 million**
 Net Interest Savings to Treasury: **\$15.2 million**

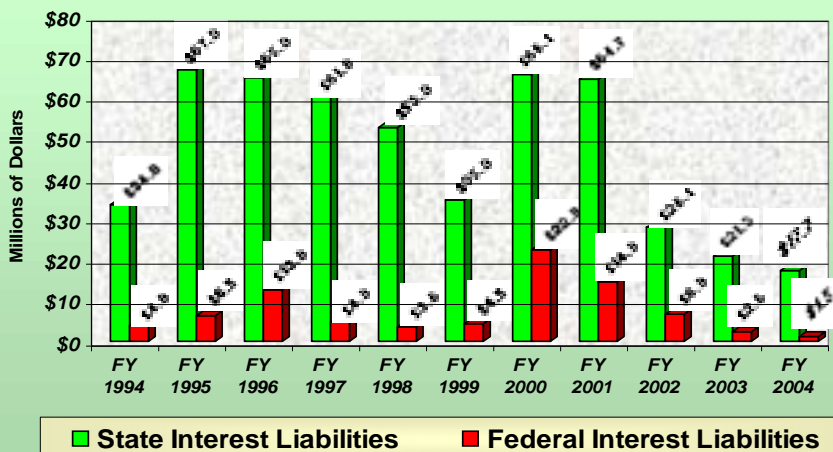
Each Dec. 31, the states and territories submit annual reports, indicating the interest liabilities calculated for major grant programs covered under the TSA. FMS's CMIA team works with federal agencies to determine the reasonableness of the claims. Based on the input from the agencies and the states and territories, the team makes a final determination on each of the interest liability claims, then calculates net interest liabilities and conducts the annual interest exchange by March 31.

Since 1994, when the first interest exchange was conducted, FMS has collected nearly \$500 million in state interest liabilities and has compensated states roughly \$80 million in interest liabilities.

FY2004 marked the sixth year that annual reports were submitted electronically through the Cash Management Improvement Act System (CMIAS), an Internet-based application that captures and organizes information and moves it between the states, agencies and FMS. This electronic communication decreases paper and is helping to reduce the administrative burden for all CMIA partners.

For more information, visit www.fms.treas.gov/cmia.

CMIA Outcomes
CMIA Interest Liabilities: FY94 - FY04



CCC Continued from page 1

vided CCC with training and instructions to ensure that all TOP offsetting, disbursing, claims, and accounting requests and functionality were performed successfully.

On May 4, CCC Controller Kristine Chadwick and other management officials visited KFC. During their visit, the CCC officials took a tour of KFC's facility and observed the new payment processes. The regional director met with the CCC officials and reiterated that KFC disburses all payments on time, every time, and would offer CCC the best service possible. Management officials from KFC and CCC also took part in a ceremonial signing of the Memorandum of Understanding (MOU).

FMS Assistant Commissioner, Regional Operations, and Chief Disbursing Officer Judy Tillman welcomed the CCC to FMS's long list of agency payment customers. "While the CCC has its own statutory authority to make payments, the CCC made the good government choice to come to FMS where the payment business is our primary mission," she said.



CCC Controller Kristine Chadwick was among the officials who toured FMS's Kansas City Financial Center.

UPCOMING EVENTS

For more information about FMS events, please see www.fms.treas.gov/calendar.html.

June 14-16: Training for FedDebt Implementation, Washington, D.C.

June 15-16: San Francisco Financial Center (SFC) Customer Advisory Board Meeting, Emeryville, Calif.

June 15-16: Kansas City Financial Center (KFC) Customer Advisory Board Meeting, Minneapolis, Minn.

June 15-16: Automated Standard Payment Application (ASAP.gov) Federal Program Agency User Group Meeting, Baltimore, Md.

June 21-22: Training for FedDebt Implementation, Denver, Colo., and Washington, D.C.

June 23: Treasury Report on Receivables (TROR) Workshop, Denver, Colo.

June 28-30: Training for FedDebt Implementation, Washington, D.C.

June 29-30: Training for FedDebt Implementation, Kansas City, Mo.

Aug. 8: Year-End Closing Seminar, Bethesda, Md.

Aug. 9-11: FMS Annual Government Financial Management Conference, Bethesda, Md.

Aug. 23-24: Federal Agency Forum, Denver, Colo.